

U.S. ECONOMIC MEASURES					
	1996			1997	
	II	III	IV	I (r)	II (p)
Gross Domestic Product	\$7,607.7	\$7,676.0	\$7,792.9	\$7,933.6	\$8,004.8
GDP Growth	\$398.2	\$374.7	\$411.0	\$466.1	\$397.1
Real GDP	\$6,926.0	\$6,943.8	\$7,017.4	\$7,101.6	\$7,139.7
Real GDP Growth	\$217.2	\$184.6	\$220.9	\$275.2	\$213.7
% Real GDP Growth*	3.2%	2.7%	3.3%	4.0%	3.1%
% Real Quarterly GDP Growth**	1.5%	0.3%	1.1%	1.2%	0.5%
% Real GDP Growth Annualized***	6.0%	1.0%	4.3%	4.9%	2.2%
GDP Implicit Price Deflator	109.8	110.5	111.1	111.7	112.1
Consumer Price Index	156.5	157.4	158.5	159.6	160.2

  

	1996			1997	
INTEREST RATES	II	III	IV	I (r)	II (p)
1 yr T-Bill	5.35	5.46	5.19	5.33	5.52
3 yr T-Bond	6.29	6.36	5.94	6.19	6.42
10 yr T-Bond	6.72	6.78	6.34	6.56	6.70
30 yr T-Bond	6.93	6.97	6.61	6.82	6.93
Discount Rate	5.00	5.00	5.00	5.00	5.00
Prime Rate	8.25	8.25	8.25	8.27	8.50
New Home Mortgage Yield (National)	7.87	8.02	7.85	7.82	8.02
Avg Mortgage Rate (WA State)	8.34	8.38	7.96	8.02	8.12

(r) - Revised. (p) - Preliminary.

Gross Domestic Product: Billions of current dollars.

GDP Growth: Change from same period, one year ago, in billions of current dollars

Real GDP: Gross domestic product in 1992 dollars.

Real GDP Growth: Change in real GDP from one year ago.

\* % Real GDP Growth: Percentage growth from same quarter last year.

\*\* % Real Quarterly GDP Growth: Percentage growth from last quarter.

\*\*\*% Real GDP Growth Annualized: Real growth compounded quarterly to achieve an annual rate. It is not adjusted for seasonal variation.

GDP Price Deflator: 1992=100.

CPI: 1982-1984=100.

National Interest Rates: 3 month average of rates.

New Home Mortgage Yield (National): Effective rate (in the primary market) on conventional mortgages, reflecting fees and charges as well as contract rate and assumed, on the average, repayment at end of 10 years.

Average Mortgage Rate: 3 month average of 30 year fixed mortgage rates for Washington State.

#### SOURCES:

Economic Measures come from the U.S. Bureau of Economic Analysis (BEA) (<http://www.bea.doc.gov/bea/>).

National Interest Rates come from the **Federal Reserve Statistical Release** (<http://www.bog.frb.fed.us/releases/H15/>).

New Home Mortgage Yield comes from the U.S. Census Bureau (<http://www.census.gov/statab/indicator/homemort.html>).

Washington State Average Mortgage Rate comes from **Seattle Times Business section**, Market Trends Research Co.

	G.O. Tax Exempt	G.O. Taxable	Revenue Bonds
10 yr	4.60	6.70	4.70
20 yr	5.10	7.10	5.20
30 yr	5.15	7.15	5.25

#### AA BOND RATES AS OF 7/23/97

SOURCE: Seattle  
Northwest Securities

GENERAL INDICATORS OF ECONOMIC ACTIVITY					
REGION	1996 II	III	IV	1997 I (r)	II (r)
CPI (West-C)	162.3	162.7	163.7	165.5	166.3
Bankruptcies (King, Pierce, Snohomish, Kitsap)	4,287	4,287	4,273	4,893	4,929
Taxable Retail Sales (King, Pierce, Snohomish, Kitsap)	\$9,801,689,071	\$10,373,755,067	\$10,745,844,480		
# of businesses reporting	80,552	80,945	102,019		
LOCAL	1996 II	III	IV	1997 I (r)	II (r)
CPI (Seattle/Tacoma)	155.6	159.4	159.4		
TOTAL Shipments					
Air freight (Metric Tons)	72,767	74,469	69,517	63,986	67,455
Water-borne freight ( Thousand Metric Tons)	4,095	3,306	4,410		
Air Passengers (Sea-Tac)	6,163,677	7,488,606	5,522,865	5,133,341	5,754,728
New Business Starts (Seattle)	2,577	2,082	1,258	3,513	1,783
Bankruptcies (King Co.)	1,965	2,004	1,956	2,233	2,222
Taxable Retail Sales (Seattle)	\$2,383,591,228	\$2,489,717,946	\$2,566,429,250		
# of businesses reporting (Seattle)	22,310	22,208	27,569		
Electrical Energy Usage (1,000's of kilowatts)	2,193,537	2,006,668	2,302,205	2,703,760	2,215,740
Residential Telephone Access Lines	366,744	367,955	372,501	375,007	
Business Telephone Access Lines	136,542	139,951	143,119	142,888	
Natural Gas Customers (Thousands)	186.2	186.4	193.4	195.6	

CPI (West-C): This index covers cities whose populations range from 50,000 to 333,000 in the Western U.S. This includes Montana, Colorado, Wyoming, New Mexico and all states to the west (Alaska and Hawaii also). 1982-1984 = 100.

New Business Starts consist of the total new business license accounts for the quarter.

#### SOURCES:

Shipments: Port of Seattle. (Waterborne Freight for First and Second Quarter 1997 is not yet available.)

Air Passengers: Port of Seattle. (Second Quarter 1997 is a projection based on April and May totals, since June is not yet available.)

New Business Starts: Seattle Dept. of Licensing. (These figures are revised.)

Bankruptcies: U.S. Bankruptcy Court.

Taxable Retail Sales: *Quarterly Business Review*, Dept. of Revenue, WA State.

Electrical Energy Usage: Seattle City Light.

Telephone Access Lines: US West. (Third Quarter 1996 totals are a projection based on July and September totals. Second Quarter 1997 totals are not yet available.)

Natural Gas Customers: Puget Sound Energy. (Second Quarter 1997 totals are not yet available.)

CPI: U.S. Department of Labor, Bureau of Labor Statistics. 1982-1984 = 100.

<b>INDUSTRIAL/MANUFACTURING MEASURES</b>					
<b>National</b>	<b>1996</b>			<b>1997</b>	
	<b>II (r)</b>	<b>III (r)</b>	<b>IV (r)</b>	<b>I (r)</b>	<b>II (p)</b>
<b>Producers' Durable Equipment</b>	577.1	602.9	606.7	616.6	645.9
<b>Changes in Non-Farm inventories</b>	17.3	31.6	26.5	58.3	60.7
<b>Manufacturers' New Orders</b>	933,334	946,968	957,546	967,642	977,443
<b>Non-defense capital goods orders</b>	128,387	134,710	135,979	138,257	134,579
<b>Industrial production</b>	114.80	115.80	117.03	118.63	119.57
<b>Capacity utilization rates (%)</b>					
<b>Total Industry</b>	83.3	83.2	83.3	83.7	83.5
<b>Manufacturing</b>	82.1	82.3	82.3	82.8	82.6

(r) - Revised. (p) - Preliminary.

Producers' Durable Equipment: Billions of 1992 dollars, seasonally adjusted rates.

Changes in Non-Farm Inventories: Billions of 1992 dollars, seasonally adjusted rates.

Manufacturers' New Orders: Millions of current dollars, seasonally adjusted rates.

Non-Defense Capital Goods Orders: Millions of current dollars, seasonally adjusted rates.

Industrial Production: 1992=100, figures are 3 month average.

#### **SOURCES:**

Producers' Durable Equipment and Changes in Non-Farm Inventories: **U.S. Bureau of Economic Analysis** (<http://www.bea.doc.gov/bea/newsrel>).

Manufacturers' New Orders and Non-Defense Capital Goods Orders: **U.S. Census Bureau** (<http://www.census.gov/indicator/www/table5p.txt>).

Industrial Production and Capacity Utilization Rate: **Federal Reserve Statistical Release** (<http://www.bog.frb.fed.us/releases/g17/Current/>).

<b>EMPLOYMENT</b>					
<b>REGION</b> <b>(King, Kitsap, Pierce, Snohomish and Island)</b>	<b>1996</b>			<b>1997</b>	
	<b>II</b>	<b>III</b>	<b>IV</b>	<b>I (r)</b>	<b>II (p)</b>
<b>Civilian Labor Force</b>	1,668,277	1,687,413	1,704,837	1,730,740	1,736,633
<b>Non-Agricultural Employment</b>					
<b>Total</b>	1,507,800	1,527,933	1,559,133	1,546,800	1,577,550
<b>Construction</b>	75,467	83,900	80,900	76,100	77,950
<b>Retail</b>	265,697	272,126	278,256	268,040	274,307
<b>Wholesale Trade and Utilities</b>	124,863	126,771	126,427	125,030	125,863
<b>Manufacturing</b>	215,867	223,733	231,700	236,900	242,850
<b>Durable goods</b>	159,467	166,217	173,500	180,067	182,950
<b>Non-durable goods</b>	56,100	57,517	58,200	56,833	58,000
<b>Government</b>	252,133	238,467	252,700	250,867	255,750
<b>FIRE</b>	87,833	90,267	90,200	89,067	90,350
<b>Services</b>	422,300	427,800	434,000	437,233	446,450
<b>Non-Agricultural Unemployment (UE)</b>					
<b>Initial UE Claims</b>	33,202	45,882	34,013	36,901	27,567
<b>UE Rate</b>	5.0%	4.4%	4.6%	4.6%	3.7%
<b>Unemployment Beneficiaries</b>	48,438	62,127	42,225	41,279	42,235
<b>Manufacturing</b>	8,523	10,344	6,676	5,945	6,308
<b>Non-Manufacturing</b>	39,916	51,784	35,549	35,334	35,927
<b>LOCAL (King County)</b>	<b>1996</b>			<b>1997</b>	
	<b>II</b>	<b>III</b>	<b>IV</b>	<b>I (r)</b>	<b>II (p)</b>
<b>Civilian Labor Force</b>	944,433	959,967	967,733	978,000	984,967
<b>Non-Agricultural Employment</b>					
<b>Total</b>	1,007,600	1,020,167	1,039,600		
<b>Construction</b>	46,033	50,133	49,533		
<b>Retail</b>	168,067	172,733	175,733		
<b>Wholesale Trade and Utilities</b>	79,167	80,767	81,300		
<b>Manufacturing</b>	140,100	141,733	145,567		
<b>Durable goods</b>	101,000	103,667	107,433		
<b>Non-durable goods</b>	39,100	38,067	38,133		
<b>Government</b>	143,200	135,733	145,267		
<b>FIRE</b>	65,200	65,700	65,767		
<b>Services</b>	300,500	307,067	310,133		
<b>Non-Agricultural Unemployment (UE)</b>					
<b>Initial UE Claims</b>	17,491	23,619	16,490	18,026	13,938
<b>UE Rate</b>	4.6%	4.1%	4.2%	4.0%	3.4%
<b>Unemployment Beneficiaries</b>	25,154	32,931	21,556	20,674	21,445
<b>Manufacturing</b>	4,432	5,412	3,454	2,799	3,088
<b>Non-Manufacturing</b>	20,722	27,519	18,101	17,875	18,357

"Region" consists of King, Kitsap, Pierce, Snohomish and Island Counties. Island County is included to make unemployment figures consistent with Non-Agricultural Employment.

Civilian Labor Force consist of laborers who live in the region in question. (Residence based).

Non-Agricultural Employment consists of laborers who work in the region in question. (Place of work based).

All figures are averages of monthly figures except Initial UE claims, which is a 3 month sum. Second Quarter 1997 unemployment figures are projections based on April figures, except for the Unemployment Rate, which is based on complete information.

King County Non-Agricultural employment for 1997 is not yet available.

**SOURCE:**

**Washington State Labor Area Summaries** (Washington State Employment Security).

<b>INCOME MEASURES</b>					
<b>NATION</b>	<b>1996</b>			<b>1997</b>	
	<b>II</b>	<b>III</b>	<b>IV</b>	<b>I (r)</b>	<b>II (p)</b>
<b>Per Capita Disposable Personal Income</b> (in 1992 constant \$)	\$19,081	\$19,161	\$19,152	\$19,331	\$19,435
<b>REGION</b> <b>(King, Kitsap, Pierce, Snohomish)</b>	<b>1994</b>	<b>1995</b>			
	<b>IV</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>
<b>Wages (current dollars, not deflated)</b>					
Agriculture, Forestry, Fishing	\$2,237	\$2,390	\$2,158	\$1,898	\$2,137
Mining	\$3,329	\$2,919	\$3,029	\$2,987	\$3,144
Construction	\$2,599	\$2,501	\$2,586	\$2,539	\$2,755
Manufacturing	\$3,386	\$3,360	\$3,393	\$3,339	\$3,583
Transportation and Public Utilities	\$2,951	\$3,203	\$2,963	\$2,982	\$3,123
Wholesale Trade	\$3,057	\$3,041	\$2,954	\$2,921	\$3,207
Retail Trade	\$1,390	\$1,382	\$1,380	\$1,334	\$1,404
FIRE	\$2,819	\$3,018	\$2,796	\$2,791	\$3,090
Services	\$2,307	\$2,301	\$2,297	\$2,288	\$2,514
Government	\$2,611	\$2,669	\$2,635	\$2,442	\$2,730
<b>Overall Average</b>	\$2,484	\$2,513	\$2,477	\$2,412	\$2,611
<b>LOCAL (King County)</b>	<b>1994</b>	<b>1995</b>			
	<b>IV</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>
<b>Wages (current dollars, not deflated)</b>					
Agriculture, Forestry, Fishing	\$2,800	\$2,997	\$2,729	\$2,323	\$2,597
Mining	\$3,535	\$3,018	\$3,184	\$3,341	\$3,340
Construction	\$2,758	\$2,687	\$2,749	\$2,825	\$2,962
Manufacturing	\$3,458	\$3,429	\$3,431	\$3,404	\$3,647
Transportation and Public Utilities	\$3,008	\$3,333	\$3,001	\$3,110	\$3,196
Wholesale Trade	\$3,201	\$3,185	\$3,077	\$3,076	\$3,347
Retail Trade	\$1,469	\$1,469	\$1,452	\$1,474	\$1,480
FIRE	\$2,979	\$3,231	\$2,965	\$3,022	\$3,290
Services	\$2,507	\$2,547	\$2,526	\$2,611	\$2,746
Government	\$2,670	\$2,750	\$2,712	\$2,860	\$2,788
<b>Overall Average</b>	\$2,623	\$2,683	\$2,619	\$2,666	\$2,769

(r) - revised

Per Capita Disposable Personal Income: Figures are in 1992 dollars and are seasonally adjusted annual rates.

Wages: Average of monthly wages by industry, not occupation, and represents jobs covered by the Washington Employment Security Act. Figures are lagged one year or more due to reporting delay. Figures are not deflated due to difficulty in choosing appropriate deflator.

"Region" consists of King, Pierce, Kitsap, and Snohomish counties.

"Local" consists of King County.

#### SOURCES:

Per Capita Disposable Income comes from the **U.S. Bureau of Economic Analysis** (<http://www.bea.doc.gov/bea/nipubl-d.html>).

Wages: **Employment and Payrolls in Washington State by County and Industry** (Washington State Employment Security).

CONSTRUCTION					
	1996			1997	
	II	III	IV	I	II
<b>Residential Construction (\$\$ value) 1/</b>	\$111,647,291	\$58,706,130	\$84,616,706	\$44,839,960	\$53,382,008
<b>Non-Residential Construction (\$\$ value) 2/</b>	\$78,913,687	\$118,376,480	\$119,486,520	\$96,051,885	\$163,426,134
<b>Home Sales (King County)</b>					
<b># of Sales</b>	5,845	5,315	4,696	4,664	6,102
<b>Mean Sales Price</b>	\$209,179	\$218,916	\$208,766	\$216,434	\$226,408
<b>Building Permits</b>					
<b>Commercial and Industrial 3/</b>	610	619	533	631	710
<b>Existing Housing Units</b>	585	626	393	408	623
<b>New Residential Permits</b>	129	177	124	102	155
<b>New Residential Units</b>	817	614	899	416	433
1/ Value consists of total value of permits for residential construction from DCLU Permit Report					
2/ Value consists of total value of permits for Non-residential construction from DCLU Permit Report					
3/ Number of commercial and industrial permits is estimated by number of total permits minus residential, schools, churches, and some specific permits.					

Figures represent construction activity for City of Seattle.

Number of commercial and industrial permits is estimated by number of total permits minus residential, schools, churches, and some specific permits.

#### SOURCES:

City of Seattle Department of Construction and Land Use, "**Issued Permit Data**" (monthly reports). Home sale data comes from the **Northwest Multiple Listing Service**.

OFFICE MARKET					
Seattle Overall	1996			1997	
	II	III	IV	I	II
Total Sq. Feet	35,541,056	35,473,631	35,527,165	35,624,112	36,252,932
# Buildings	422	421	423	424	443
Vacant Sq. Feet	3,858,818	3,740,277	3,518,562	3,303,609	3,498,208
Vacancy Rates	10.9%	10.5%	9.9%	9.3%	9.6%
Project Under Cons (Sq. Ft.)	113,200	95,000	95,000	0	292,000
Absorption (Sq. Ft.)	414,267	65,576	222,406	312,911	411,880
"Seattle Overall" consists of Downtown, Northend, Southend, and Tacoma/Federal Way.					
Downtown Seattle	1996			1997	
	II	III	IV	I	II
Total Sq. Feet	26,005,339	25,997,420	26,039,858	26,134,858	26,473,358
# Buildings	196	196	197	198	205
Vacant Sq. Feet	1,829,848	1,752,595	1,639,395	1,546,673	1,584,882
Vacancy Rates	7.0%	6.7%	6.3%	5.9%	6.0%
Project Under Cons (Sq. Ft.)	95,000	95,000	95,000	0	292,000
Absorption (Sq. Ft.)	311,934	74,534	113,891	187,733	235,912
Class A					
Median Lease Rate/sf	\$18.00	\$18.00	\$22.00	\$23.50	\$23.00
Vacancy Rate	6.2%	5.5%	5.0%	4.5%	3.8%
Class B					
Median Lease Rate/sf	\$14.00	\$14.00	\$16.00	\$17.00	\$17.50
Vacancy Rate	10.1%	10.7%	10.3%	9.8%	13.9%
Class C					
Vacancy Rate	8.6%	10.1%	10.7%	9.3%	10.0%
"Downtown Seattle" consists of the Canal, CBD, Denny Regrade, Lake Union, Lower Queen Anne, Pioneer Square and Waterfront.					
North King County	1996			1997	
	II	III	IV	I	II
Total Sq. Feet	1,032,359	1,050,559	1,050,559	1,050,559	1,050,559
# Buildings	22	23	23	23	23
Vacant Sq. Feet	124,321	130,371	107,367	104,435	79,637
Vacancy Rates	12.0%	12.4%	10.2%	9.9%	7.6%
Project Under Cons (Sq. Ft.)	18,200	0	0	0	0
Absorption (Sq. Ft.)	-7,770	6,510	23,004	3,932	23,798
Class A					
Median Lease Rate/sf	\$17.50	\$17.50	\$17.50	\$19.00	\$19.00
Vacancy Rate	12.7%	13.0%	10.2%	10.6%	7.7%
Class B					
Median Lease Rate/sf	\$16.20	\$16.20	\$16.00	\$17.25	\$17.25
Vacancy Rate	9.0%	9.6%	10.2%	7.0%	7.0%
"North King County" consists of area north of the Ship Canal up to the King County line.					

The **Absorption Rate** is the change in amount of leased space. A negative figure means more space came onto the market than was absorbed by new leases.

**SOURCE:** CB Commercial Quarterly Market Report, a publication of Coldwell Bankers commercial division.

OFFICE MARKET					
South King County	1996			1997	
	II	III	IV	I	II
Total Sq. Feet	5,113,490	5,035,684	5,046,880	5,048,827	5,296,590
# Buildings	115	113	114	114	126
Vacant Sq. Feet	1,417,892	1,418,215	1,366,747	1,240,026	1,492,088
Vacancy Rates	27.7%	28.2%	27.1%	24.6%	28.2%
Project Under Cons (Sq. Ft.)	0	0	0	0	0
Absorption (Sq. Ft.)	162,831	-63,129	51,468	128,668	67,095
Class A					
Median Lease Rate/sf	\$14.75	\$14.75	\$15.00	\$16.50	\$16.50
Vacancy Rate	27.2%	27.1%	25.5%	24.3%	25.0%
Class B					
Median Lease Rate/sf	\$12.25	\$12.25	\$13.50	\$14.00	\$14.50
Vacancy Rate	29.5%	31.1%	31.3%	24.8%	35.7%
"South King County" consists of area south of the Kingdome to the King County line.					
Bellevue/Eastside	1996			1997	
	II	III	IV	I	II
Total Sq. Feet	15,205,241	15,205,241	15,080,684	15,122,471	15,200,253
# Buildings	275	275	275	276	278
Vacant Sq. Feet	643,080	923,935	765,980	541,805	387,463
Vacancy Rates	4.2%	6.1%	5.1%	3.6%	2.5%
Project Under Cons (Sq. Ft.)	28,000	326,395	680,395	825,574	731,195
Absorption (Sq. Ft.)	92,894	-110,264	84,969	98,895	180,872
Class A					
Ave. Effective Gross/sf	\$17.0-27.0	\$17.0-27.0	\$19.2-30.0	\$19.0-35.0	\$19.0-38.0
Vacancy Rate	3.3%	4.3%	3.5%	2.5%	1.5%
Class B					
Ave. Effective Gross/sf	\$17.0-18.0	\$17.0-18.0	\$17.0-19.0	\$17.0-20.0	\$17.0-21.0
Vacancy Rate	4.5%	4.4%	4.5%	5.0%	4.2%
Class C					
Ave. Effective Gross/sf	\$12.0-15.0	\$12.0-15.0	\$14.0-16.0	\$14.0-17.0	\$14.0-18.0
Vacancy Rate	10.7%	13.7%	9.5%	8.6%	4.9%
"Bellevue/Eastside" consists of the East side of Lake Washington, from Bothell on the King/Snohomish County line to Renton City Limits.					

The *Absorption Rate* is the change in amount of leased space. A negative figure means more space came onto the market than was absorbed by new leases.

SOURCE: CB Commercial Quarterly Market Report, a publication of Coldwell Bankers commercial division.



<b>INDUSTRIAL MARKET</b>					
<b>Seattle Close-In</b>	<b>1996</b>			<b>1997</b>	
	<b>II</b>	<b>III</b>	<b>IV</b>	<b>I</b>	<b>II</b>
<b>Total Square Footage</b>					
<b>Industrial</b>	66,599,890	66,650,000	66,539,044	66,310,912	66,431,658
<b>High-Tech</b>	1,260,260	1,287,697	1,135,816	1,162,546	1,220,412
<b>Total</b>	67,860,150	67,937,697	67,674,860	67,473,458	67,652,070
<b>Vacancy</b>					
<b>Industrial</b>	4.5%	4.3%	3.8%	3.3%	3.4%
<b>High-Tech</b>	7.4%	7.9%	8.7%	7.1%	10.7%
<b>Total Vacant Sq. Ft.</b>					
<b>Industrial</b>	3,079,019	2,981,266	2,646,698	2,293,536	2,363,670
<b>High-Tech</b>	2,986,339	2,879,280	2,547,847	2,210,715	2,232,578
	92,680	101,986	98,851	82,821	131,092
<b>Lease Rates</b>					
<b>Older Buildings</b>	\$ .25-.38/sf shell including office up to 30%	\$ .25-.38/sf shell including office up to 20%		\$ .25-.38/sf shell + \$.55-.60/sf office	
<b>Newer Buildings</b>	\$ .32-.38/sf shell + \$.60-.65/sf office	\$ .38-.40/sf shell + \$.60-.65/sf office		\$ .38-.40/sf shell + \$.60-.65/sf office	
<b>NNN Expenses</b>	\$ .05-.16/sf per month	\$ .05-.16/sf per month		\$ .05-.16/sf per month	
<b>High-Tech</b>	\$ .65-1.00/sf per month	\$ .65-1.00/sf per month		\$ .65-1.00/sf per month	
<b>Absorption (sf) 2/</b>	471,000	808,478	1,217,019	226,690	-3,051
"Seattle Close-In" stretches from the King/Snohomish line south to Tukwila. Absorption is for the quarter.					

**SOURCE:** CB Commercial Quarterly Market Report, a publication of Coldwell Bankers commercial division.

<b>INDUSTRIAL MARKET</b>					
<b>Kent Valley Market</b>	<b>1996</b>			<b>1997</b>	
	<b>II</b>	<b>III</b>	<b>IV</b>	<b>I</b>	<b>II</b>
<b>Total Square Footage</b>					
Industrial	75,549,929	75,700,000	76,793,662	77,482,464	79,945,508
High-Tech	1,834,028	1,847,649	1,834,028	1,834,028	1,834,164
Total	77,383,957	77,547,649	78,627,690	79,316,492	81,779,672
<b>Vacancy</b>					
Industrial	5.2%	5.3%	5.5%	5.4%	6.7%
High-Tech	5.5%	6.2%	5.0%	6.8%	7.5%
<b>Total Vacant Sq. Ft.</b>					
Industrial	4,052,768	4,141,609	4,304,975	4,306,037	5,467,445
High-Tech	101,440	114,369	92,165	124,854	137,716
<b>Lease Rates</b>					
Older Buildings	\$ .28-.30/sf shell + \$.50-.55/sf office	\$ .28-.30/sf shell + \$.50-.55/sf office		\$ .28-.30/sf shell + \$.50-.55/sf office	
New Buildings	\$ .28-.32/sf shell + \$.55-.60/sf office	\$ .30-.32/sf shell + \$.55-.60/sf office		\$ .30-.32/sf shell + \$.55-.60/sf office	
NNN expenses	\$.05-.12/sf per month	\$.07-.12/sf per month		\$.07-.12/sf per month	
High-Tech	\$0.75-1.15/sf	\$0.75-1.15/sf		\$0.75-1.15/sf	
<b>Absorption (sf)</b>	921,507	1,226,035	1,276,828	244,898	32,940
"Kent Valley" is defined as Tukwila, Renton, Kent, Auburn and Sea-Tac.					

SOURCE: CB Commercial Quarterly Market Report, a publication of Coldwell Bankers commercial division.

<b>INDUSTRIAL MARKET</b>					
<b>Eastside Market</b>	<b>1996</b>			<b>1997</b>	
	<b>II</b>	<b>III</b>	<b>IV</b>	<b>I</b>	<b>II</b>
<b>Total Square Footage</b>	17,728,869	17,873,625	17,828,465	18,516,625	18,633,822
<b>Industrial</b>	13,637,874	13,700,000	13,619,970	14,256,955	14,338,152
<b>High-Tech</b>	4,090,995	4,173,625	4,208,495	4,259,670	4,295,670
<b>Vacancy</b>					
<b>Industrial</b>	5.8%	6.4%	6.1%	6.0%	5.3%
<b>High-Tech</b>	7.3%	6.3%	6.2%	5.5%	4.9%
<b>Total Vacant Sq. Ft.</b>	1,086,530	1,134,258	1,094,936	1,087,498	970,447
<b>Industrial</b>	786,087	871,320	833,634	853,471	760,819
<b>High-Tech</b>	300,443	262,938	261,302	234,027	209,628
<b>Lease Rates</b>					
<b>Older Buildings</b>	\$ .40-.45/sf shell + \$.75 - .95/sf office	\$ .40-.45/sf shell + \$.75 - .95/sf office	\$ .40-.50/sf shell + \$.85 - 1.00/sf office	\$ .38-.45/sf shell + \$.75-.95/sf office	
<b>New Buildings</b>	\$ .45-.55/sf shell + \$.85 - 1.15/sf office	\$ .45-.55/sf shell + \$.85 - 1.15/sf office	\$ .48-.65/sf shell + \$.90 - 1.15/sf office	\$ .42-.60/sf shell + \$.85-1.05/sf office	
<b>NNN expenses</b>	\$ .06-.26/sf per month	\$ .06-.26/sf per month		\$ .06-.26/sf per month	
<b>Absorption (sf)</b>	239,054	-16,096	112,034	304	180,576
"Eastside Market" consists of the East side of Lake Washington, King/Snohomish County Line south to Renton City Limits.					

**SOURCE:** CB Commercial Quarterly Market Report, a publication of Coldwell Bankers commercial division.

RETAIL					
Puget Sound Area	1995		1996		1997
	First Half	Second Half	First Half	Second Half	First Half
Total Rentable Sq. Footage	49,513,862	59,947,985	55,025,933	55,721,440	57,680,961
Total Vacant	2,494,705	1,696,894	2,752,462	3,093,269	3,692,585
Vacancy Rates	5.0%	2.8%	5.0%	5.6%	6.4%
Absorption (sf)	859,149	1,441,882	-269,275	416,762	1,360,265
Puget Sound consists of the downtown Seattle, Northend, Southend, Eastside, and Kitsap Markets.					
Downtown Seattle	1995		1996		1997
	First Half	Second Half	First Half	Second Half	First Half
Total Rentable Sq. Ft.	3,080,301	3,142,277	3,251,535	3,516,735	3,627,914
Total Vacant	805,158	80,205	45,092	33,571	81,969
Vacancy Rates	26.1%	2.6%	1.4%	1.0%	2.3%
Rental Rates	\$28.81	\$27.45	\$22.00	\$21.45	\$22.78
Absorption (sf)	181,135	37,885	35,113	234,521	62,781
The Ship Canal south to the West Seattle Bridge including the Central Business District, Denny Regrade, Lower Queen Anne, Pioneer Square, West Lake Union, Capitol Hill and the Central District.					
Northend	1995		1996		1997
	First Half	Second Half	First Half	Second Half	First Half
Total Rentable Sq. Ft.	14,572,813	14,703,952	13,960,114	14,044,655	14,419,662
Total Vacant	476,280	359,186	599,384	730,790	782,182
Vacancy Rates	3.3%	2.4%	4.3%	5.2%	5.4%
Rental Rates	\$16.05	\$16.43	\$15.12	\$13.59	?
Absorption (sf)	386,087	68,233	-185,070	87,567	323,675
Northend is defined as North Seattle from Ship Canal up through Snohomish and Northern Counties.					
Southend	1995		1996		1997
	First Half	Second Half	First Half	Second Half	First Half
Total Rentable Sq. Ft.	21,002,781	28,302,379	25,602,468	25,869,468	26,721,964
Total Vacant	883,899	859,157	1,613,889	1,835,940	1,968,671
Vacancy Rates	4.2%	3.0%	6.3%	7.1%	7.4%
Rental Rates	\$13.01	\$14.85	\$12.13	\$13.59	\$12.29
Absorption (sf)	85,736	1,324,742	-287,801	24,949	719,765
"Southend" is South Seattle through Pierce and Thurston Counties.					
*Previous to 1Q/95, Southend was defined as the area south of the Kingdome to the King/Pierce County line.*					
Bellevue/Eastside	1995		1996		1997
	First Half	Second Half	First Half	Second Half	First Half
Total Rentable Sq. Ft.	8,249,441	10,752,257	9,539,528	9,618,294	9,861,030
Total Vacant	265,434	317,275	350,694	345,609	476,879
Vacancy Rates	3.2%	3.0%	3.7%	3.6%	4.8%
Rental Rates	\$18.06	\$17.42	\$16.08	\$15.68	\$14.72
Absorption (sf)	101,413	28,159	112,815	73,681	111,466
All of King County east of Lake Washington, including Bellevue, Kirkland, Redmond, Issaquah, Bothell and Mercer Island.					

**SOURCE:** CB Commercial *Quarterly Market Report*, a publication of Coldwell Bankers commercial division.

**Notes:** Vacancy rates are now listed in six month periods.

As of the second half of 1995, the Frederick and Nelson and I. Magnin buildings are no longer included as available space but rather as planned space. This has reduced Downtown Seattle's vacancy rate dramatically.

# Apartment Vacancy Rates

	1995		1996		1997
	First Half	Second Half	First Half	Second Half	First Half
<b>Seattle/North King</b>	<b>2.9%</b>	<b>2.6%</b>	<b>2.7%</b>	<b>1.2%</b>	<b>1.3%</b>
Capitol Hill/Eastlake	1.2%	2.0%	1.1%	0.9%	1.9%
Central District	2.0%	1.7%	1.7%	1.0%	1.7%
Downtown/First Hill	3.1%	2.9%	2.6%	1.6%	0.8%
Magnolia/Queen Anne	2.6%	1.2%	2.4%	0.4%	1.3%
North Seattle	3.7%	1.6%	3.2%	0.0%	1.5%
Sandpoint	1.3%	0.5%	1.0%	0.0%	0.0%
South Seattle	3.1%	3.1%	2.1%	1.0%	1.1%
University District	3.8%	1.1%	4.7%	3.7%	0.8%
West Seattle	3.5%	3.7%	3.1%	1.6%	1.7%
<b>South King County</b>	<b>5.3%</b>	<b>5.6%</b>	<b>5.0%</b>	<b>3.0%</b>	<b>1.9%</b>
Auburn	5.1%	6.3%	5.1%	5.4%	2.3%
Burien/Des Moines	4.9%	5.2%	5.8%	3.2%	2.0%
Federal Way	5.5%	7.8%	4.9%	3.5%	2.0%
Kent	5.6%	5.7%	5.0%	3.2%	1.6%
Renton	5.8%	3.8%	3.3%	1.5%	1.9%
Sea-Tac/Tukwila	3.6%	4.3%	5.8%	2.7%	1.8%
<b>East King County</b>	<b>3.4%</b>	<b>3.0%</b>	<b>2.1%</b>	<b>1.0%</b>	<b>1.1%</b>
Bellevue	3.6%	3.8%	2.1%	0.8%	0.9%
Bothell/Woodinville	5.0%	3.0%	3.0%	0.5%	1.8%
Issaquah/North Bend	4.4%	2.9%	2.0%	2.2%	1.0%
Kirkland	2.7%	2.2%	1.3%	1.3%	1.2%
Redmond	3.0%	2.9%	2.9%	1.2%	0.8%
<b>Snohomish County</b>	<b>5.5%</b>	<b>4.2%</b>	<b>4.2%</b>	<b>1.2%</b>	<b>1.4%</b>
Edmonds	3.5%	2.2%	3.9%	1.0%	1.4%
Everett	6.3%	5.7%	5.1%	1.9%	1.7%
Lynnwood	5.6%	3.6%	3.4%	1.3%	1.0%
Marysville	5.4%	2.8%	1.6%	0.0%	2.1%
Mountlake Terrace	5.1%	2.6%	3.7%	0.3%	0.8%
<b>Pierce County</b>	<b>4.8%</b>	<b>6.7%</b>	<b>6.3%</b>	<b>6.0%</b>	<b>4.8%</b>
Fircrest	5.0%	4.8%	4.8%	4.7%	4.2%
Gig Harbor	3.3%	3.1%	2.4%	4.2%	6.4%
Lakewood	6.1%	8.6%	7.7%	6.9%	6.1%
Puyallup	3.1%	7.2%	8.7%	4.9%	3.0%
Tacoma	3.6%	6.6%	5.6%	6.4%	5.0%

Source: CB Commercial Market Report

## CONVENTION INFORMATION

KING COUNTY	1996			1997	
	II	III	IV	I	II
# Conventions/Events	135	129	142	109	141
# Room Nights	111,727	95,871	97,934	165,893	183,467
Local Room Tax	\$2,558,957	\$3,288,200	\$2,316,353	\$2,107,068	
Room Nights per Event	828	743	690	1,522	1,301
Local Room Tax per Event	\$18,955	\$25,490	\$16,312	\$19,331	

(p) - Preliminary.

(r) - Revised.

The figures for # events and # room nights are for all events booked at the convention center and area hotels, not just conventions.

"Local Room Tax" shows Washington state Hotel/Motel Tax Distributions to King County. This is used to estimate delegate expenses. Figures have been revised to show when room tax was collected, not distributed, since distribution happens two months after collection. For example, Hotel/Motel distributions for June reflect collections made in April. Second Quarter 1996 includes taxes collected in April, May and June, and distributed in June, July and August.

The tax totals do not include an extra Hotel/Motel Tax collected in Bellevue.

Local Room Tax collections data for Second Quarter 1997 is not yet available. First Quarter figures are based on January and February data, since March data is not yet available.

### SOURCES:

Seattle-King County Convention and Visitors Bureau (# Conventions/Events and # Room Nights).

Washington Department of Revenue (Hotel/Motel Tax Distribution to King County).

## Seattle-King County Dislocation Activity - 2Q/97

Company	Location	Workers	No.
Bristol-Myers Squibb	Seattle	Pharmaceutical Research	240
BNSF Railroad	Seattle	Railway Clerks	150
MIDCOM Communications	Seattle	Telephone Service & Sales	127
Snoqualmie Valley Hospital	Snoqualmie	Health Care	100
Lindal Cedar Homes	Totem Lake	Production	60
Merlino's (Borden, Inc.)	Kent	Production	60
Royal Seafood	Seattle	Production	60
Bon Marche Distribution Center	Tukwila	Warehouse	30
Weyerhaeuser	Federal Way	Production	30
PCI/SMI	Seattle	Operating Engineers	15
Instuform Technology	Kent	Phone Products	9
1997 2nd Quarter Totals	11 Companies	881 Dislocated Workers	
1997 1st Quarter Totals	16 Companies	1,873 Dislocated Workers	
1996 Totals	50 Companies/53 Cases	3,977 Dislocated Workers	

Source: King County Reemployment Support Center.

# Boeing and Airline Industry Data

Boeing Employees in Washington State					
	June-96	August-96	December-96	March-97	June-97
Employees	76,132	79,411	87,769	91,443	95,892

Year	Employees
1996	87,769
1995	71,834
1994	81,964
1993	88,890
1992	98,603
1991	104,700
1990	104,515
1989	106,670

Source: **The Boeing Company**.

Please note that for yearly totals, data reflects number of Boeing employees in Washington state at the end of the year.

Boeing Contractual Backlogs					
(in billions)					
Contractual backlog:	6/30/96	9/30/96	12/31/96	3/31/97	6/30/97
Commercial aircraft	76.3	79.1	79.2	79.8	77.8
Defense and Space	5.2	5.2	8.5	9.4	9
Total	81.5	84.3	87.7	89.2	86.8

Source: **The Boeing Company** World Wide Web home page.

U.S. Airlines -- Net Profits				
(in thousands)				
1991	1992	1993	1994	1995
(1,940,157)	(4,791,284)	(2,135,626)	(344,115)	2,376,763

Source: **Air Transport Association** World Wide Web page.